

**MINUTES OF MEETING
NORTH SPRINGS IMPROVEMENT DISTRICT**

The regular meeting of the Board of Supervisors of the North Springs Improvement District was held on Tuesday, October 11, 2005 at 4:55 p.m. at the District Office, 10300 NW 11th Manor, Coral Springs, Florida.

Present and constituting a quorum were:

Salvatore Mendolia
Steve Mendelson

Secretary
Supervisor

Also present were:

Pete Witschen
Dennis Lyles
Jane Early
Edward Goscicki
Jean M. Rugg
Mel Entus
Denise Ganz
Hal B. Anderson
Ann Eppinger
Tara-Lynn Patton
Sam Bavaro
Michael Udine
Warren Craven
Vandin Calitu

Manager
Attorney
Engineer
Severn Trent Services
Severn Trent Services
Severn Trent Services
Ruden McClosky
Billing, Cochran, Heath, Lyles & Mauro
Prager, Sealy & Company
WCI Communities, Inc.
WCI Communitéis, Inc.
Parkland City Commissioner
Craven Consulting
Resident

FIRST ORDER OF BUSINESS

Roll Call

Mr. Mendolia called the meeting to order and called the roll.

Mr. Goscicki stated I enjoyed serving as your interim District Manager. We hired a permanent District Manager to take over for Mr. Keller. I introduced you to Mr. Witschen at the last meeting. With the Board's approval I would like to have Mr. Witschen assigned and recognized as the new District Manager.

On MOTION by Mr. Mendelson seconded by Mr. Mendolia with all in favor Mr. Witschen was appointed District Manager for the North Springs Improvement District.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the September 1, 2005 Meeting

Mr. Witschen stated each Board member received a copy of the minutes of the September 1, 2005 meeting and requested any corrections, additions or deletions.

There not being any,

On MOTION by Mr. Mendolia seconded by Mr. Mendelson with all in favor the minutes of the September 1, 2005 meeting were approved.

Mr. Witschen stated I wanted to note the receipt of a letter and a check in the amount of \$7,993.19 from WCI. This is the disputed amount for use of the clubhouse. We have an audit process to verify it is an accurate sum. I will notify you as soon as the audit is available.

THIRD ORDER OF BUSINESS

Consideration of WA #142, Heron Bay Commercial Townhomes

Ms. Early stated I brought this to the Board when we bid the project for construction and the contract was left out. WCI was going to negotiate rather than rebid. This work authorization was for our services. We have a revised funding agreement because it originally included the construction, but we had to take it out.

Mr. Witschen asked is the contract \$2 Million?

Ms. Early responded \$2 Million and change.

Mr. Witschen stated my question was for informational purposes.

On MOTION by Mr. Mendolia seconded by Mr. Mendelson with all in favor WA #142 was approved.

FOURTH ORDER OF BUSINESS

Consideration of Resolutions

A. Resolution 2006-1 Relating to Water Management Bonds

Ms. Ganz stated on August 4, 2005 you approved Resolution 2005-10 to authorize certain water management bonds. We made a presentation explaining the purpose of this financing. The District approved a master bond resolution in the early 1990's to provide for water management bonds for Supplement No. 3. The purpose was to provide for bond financing to do the master water management improvements to the area of the District known as Supplement No. 3.

A series of bonds were issued in 1994 to finance the first portion of the water management plan. The plan was put in place and approved through a commissioner's report and the bonds were validated up to \$10,880,000 of bonds. The amount originally issued to finance the first portion of the project was \$3,510,000 of bonds.

What is being proposed and what you approved in August was to refinance the 1994 bonds for interest savings and to issue new bonds to complete the water management project for Supplement No. 3. You authorized the issuance of these bonds not exceeding \$3.5 Million for refunding bonds to finance your existing debt and not exceeding \$7,370,000 of B Bonds to complete the water management project. We explained we would come back to you for another approval. We are asking you to delegate authority to the Chairperson of the District to move forward with the bond transaction on certain parameters set forth in this resolution so we can market and sell the bonds by the end of this month or shortly thereafter.

This will provide for the refinancing of the existing debt and for the completion of the water management project for Supplement No. 3. Included in completing the water management project is the repayment of certain advances the District received throughout the years. Ms. Early is working with the developers on Supplement No. 3 to quantify the exact amount of the advances. The number through September 30, 2005 is \$2 Million and change. It will be included as part of the money to complete the project.

I will explain what Resolution 2006-1 accomplishes. The first part of it reiterates your approval of a Resolution on August 4, 2005. Page four says the bonds will be issued as either serial bonds or term bonds. It has provisions as will be set forth in the final form of the purchase agreement to be entered into between the District and Prager, Sealy & Co. The purchase contract is an attachment to this resolution and I will explain it in a moment.

Section four explains the bond reserve requirement for the bonds will be as specified in the purchase contract. It is a pricing detail to be determined by the investing public as we go through the pricing process, but it will not be greater than the amount specified.

In section five you are asked to approve a purchase agreement with Prager, Sealy & Co. substantially in the form attached. The Chairperson and the Secretary are authorized to execute the purchase contract after the underwriter has gone out into the marketplace to sell the bonds. The terms of the purchase agreement must be within the requirements specified in section five. The aggregate amount of the 2005 A Bonds will not exceed \$3.5 Million. The principle amount

of the B Bonds will not exceed \$7,370,000. The final maturity of the 2005 A Bonds will not be later than May 1, 2024 and the final maturity of the 2005 B Bonds will not be later than May 1, 2036. The interest rate of the bonds will not exceed 6% per annum. Each series will be subject to optional redemption no later than May 1, 2015 at a redemption price not greater than 101% of the par amount. The price exclusive of original issue discount of which the bonds will be sold to, Prager, Sealy & Co. as the underwriter, will not be less than 98% of the amount for which they are initially offered to the public. Unless the bonds have an investment grade rating from one of the major rating agencies, they will only be sold to accredited investors.

In section six you are being asked to approve the preliminary limited offering memorandum attached as Exhibit B. It will be used by the underwriter in the public offering for sale of these bonds. It is approved substantially in the form. The idea is the final details of the transaction will be set forth in the document, other than pricing detail, and the Chairperson or Secretary is authorized to deem the preliminary offering as final within the meaning of Rule 15c2-12. When it goes to the marketplace it is final except for the details of the bonds determined as part of the pricing such as maturities and interest rates of the bonds. It authorizes the preparation of the final offering memorandum which will reflect the final pricing details.

Section seven is a form of a continuing disclosure attached as Exhibit C. The Chairperson or Secretary is authorized to execute this document and make any appropriate changes to it. There is authorization to obtain credit enhancement in sections eight and nine; either in the form of a bond insurance policy or an investment regrading for the bonds. Although the underwriter advised us it is not likely, we have made the possibility available to the District.

Section ten provides you with the general authority to conclude the transaction. By approving this resolution you will be putting in place the authorization within these parameters for us to move forward and conclude this bond deal.

Mr. Mendolia asked has anyone else looked at this?

Mr. Lyles responded my office has been directly involved in the preparation of these documents. I will be rendering opinions in the name of my firm as to all of this. We agree with the comments made by bond counsel and we recommend a motion to approve Resolution 2006-1 as outlined.

On MOTION by Mr. Mendolia seconded by Mr. Mendelson with all in favor Resolution 2006-1 relating to water management bonds was adopted.

B. Resolution 2006-2 Relating to Various Assessment Areas

Ms. Ganz stated in August you approved Resolution 2005-15. It approved not exceeding \$42,100,000 of special assessment bonds to finance various assessable improvements within three assessment areas. They were designated as Parkland Golf and Country Club Assessment Area, Parkland Golf and Country Club Assessment Area A and Heron Bay North. You also approved documents relating to the Parkland Village Assessment Area pursuant to a separate resolution. The purpose of the bonds is to finance assessable improvements for the benefit of each of the three assessment areas.

In the case of Parkland Golf and Country Club Assessment Area, the improvements were described in an engineer's report prepared by CH2M Hill. It included secondary water management roads and other types of assessable improvements. The improvements for Assessment Area A were also described in the engineer's report. They were in the nature of master water management improvements because it is not within any supplement areas. The third was the Heron Bay North Assessment Area which is going to get master water management improvements as well as other assessable improvements.

Attached to the resolution was a master indenture providing for the issuance of the bonds. It authorized District Counsel and bond counsel to go forward with the judicial validation of the bonds. The proceeding occurred and a final judgement for the bonds has been entered by the circuit court and the appeal period will expire shortly.

Based on the due diligence information gathered with respect to these various developments, we are in a position to go forward with two of the bond deals. The one for Parkland Golf and Country Club Assessment Area and the one for Parkland Golf and Country Club Assessment Area A. Resolution 2006-2 provides for those specific bond issues. We are delegating the Chairperson and Secretary to execute documents within the parameters specified in order to move forward to complete the bond transactions. They will be offered under one perspective even though they are separate bond issues and separately secured.

Mr. Mendolia asked did you mention Heron Bay North?

Ms. Ganz responded yes. The bonds for Heron Bay North will not be issued now because the information we need to move forward is not available. We will come back to you for subsequent authorization of those specific series of bonds. We will do the same for Parkland Village.

In regard to Resolution 2006-2, repayment of advances will be included. WCI Communities, Inc. is the developer and has been advancing certain funds to the District. Later in the agenda Mr. Lyles will present agreements relating to Supplement No. 3 and the assessment areas.

On page four there is authorization for the 2005-1 Bonds. They relate to the Parkland Golf and Country Club Assessment Area. We authorized the bonds to be issued in two series, an A-1 Series and a B-1 Series. The B-1 series will be short term and the A-1 will be long term. It will authorize the financing and refinancing for the payment of advances. Paragraph two approves a form of a supplemental indenture for these bonds, which supplements the master indenture you previously approved. We ask you to approve it substantially in the form attached so we can make whatever changes necessary. You also ratify the appointment of Wachovia Bank, National Association as Trustee of these bonds.

Page five has certain details of the bonds. The interest will be payable on November 1 and May 1 of each year commencing on the date set forth in the indenture. They will mature and their interest rates will not exceed the maximum rate permitted by law.

Sub paragraph B is authorization for this year's 2005-2 Bonds relating to the Parkland Golf and Country Club Assessment Area A project. They are authorized to be issued in two series not exceeding \$5,980,000. The 2005-1 Bonds are not to exceed \$27,425,000. The Area A bonds are authorized to be issued in two series to finance and refinance the repayment of the costs of the projects for Assessment Area A, paying capitalized interest on the bonds, funding the reserve accounts for the bonds and paying cost of issuance.

In sub-paragraph two you are asked to approve the supplemental indenture. It also asks for authorization to complete with the final details of the bonds subject to the parameters approved. The appointment of Wachovia Bank, National Association as Trustee is ratified and certain terms of the bonds are specified.

Section four provides for redemption provisions of the bonds as shall be set forth in the purchase agreement. Section five asks you to approve the purchase contract that will sell these

bonds to Prager, Sealy & Co. subject to the terms and conditions set forth in this resolution and the two purchase contracts attached.

The parameters of the bonds are on page seven. The aggregate principal amount of the 2005-1 Bonds will not exceed \$27,425,000. The principle amount of the 2005-2 Bonds will not exceed \$5,980,000. The final maturity of any of these bonds will not be later than May 1, 2026. The per annum interest rate will not exceed 6% per annum. The A-1 and A-2 portions will be subject to optional redemption no later than May 1, 2015 at a redemption price not greater than 101% of the former amount. The B portions of these bonds will not be subject to optional redemption prior to maturity because of their short term nature. The price at which the bonds will be sold to the underwriter will not be less than 98% of the amount for which they are initially offered to the public exclusive of the original issue discount. Because we do not expect these bonds to have an investment grade rating, it is required they be sold only to accredited investors.

Section six provides for the specific proceeds of each of these bonds to be set forth in these indentures and a certificate be signed by the Chairperson or Secretary at the time the bonds are issued. In section seven we are asked to approve a preliminary limited offering memorandum in the form attached. Authority is delegated to the Chairperson or Secretary to deem it final for purposes of offering these bonds to the public.

There are two forms of continuing disclosure agreements in section eight. Authority is delegated to the Chairperson or Secretary to execute these. Prager, Sealy & Co. is also appointed as the initial dissemination agent. Miscellaneous authority is provided in the balance of this resolution. The intent is we be able to move forward with this transaction within the parameters specified in this resolution. We hope to have this transaction closed by the end of October or shortly thereafter.

Mr. Lyles stated I make the same statement as I did with respect to Resolution 2006-1. My firm was involved in the preparation of these documents and I join the recommendation of bond counsel to adopt Resolution 2006-2.

On MOTION by Mr. Mendolia seconded by Mr. Mendelson with all in favor Resolution 2006-2 relating to various assessment areas was adopted.

Ms. Ganz stated Ms. Eppinger from Prager, Sealy & Co. will make a quick statement to update you on the market.

Ms. Eppinger stated we spent a great deal of time on the credit of the Supplement No. 3 water management deal. There is a great deal of supplement within the development. The problem we ran into is a rate agency issue. The bond insurance companies rely on internal rating. They are weary of concentration issues and we have Lennar in Supplement No. 3 with 30 to 35 lots. WCI Communities, Inc. has a significant portion as well.

The primary insurer has told us they are not interested. Our only other choice is to go to sub-tier insurance companies and we are just as well off going to non rated buyers. We should be able to reduce your reserve fund. We did a great deal of work on it and we are frustrated it is not what we expected. We have heard this on ten other bond issues this year. We do not agree with it, but we cannot change how they review a credit internally.

The special assessment transaction is substantially completed. We anticipate mailing both of them next week. There is one disclosure which did not make it into the offering document. As of October 1, 2005 Ms. Mossing will join our firm. She will be working as a banker for Prager, Sealy & Co. There will be a disclosure of dual roles.

FIFTH ORDER OF BUSINESS

Consideration of Change Orders

A. Change Order No. 6 with Triple R Paving, Inc., for Nob Hill Road, University Drive (Phase 2) and County Line Road for a Net Increase of \$4,462.50

Mr. Witschen stated there are a few change orders reviewed and approved by our engineering staff.

Ms. Early stated the first change order is to add a 12 inch gate valve on University Drive in the amount of \$4,462.50.

B. Change Order No. 7 & Final with Triple R. Paving, Inc. for the Heron Bay North Drainageways for a Net Decrease of \$1,937,321.520

Ms. Early stated if you go through the back up, you will see the majority of the deductions are from WCI Communities, Inc. They are off-site embankments.

Mr. Mendolia asked is the decrease because they did not do the work?

Ms. Early responded that is correct.

Mr. Mendelson asked who is going to pick up the work this company did not do?

Ms. Early responded the remaining work is WCI's not the District's. The District's work is complete.

On MOTION by Mr. Mendolia seconded by Mr. Mendelson with all in favor Change Orders No. 6 and 7 were approved.

SIXTH ORDER OF BUSINESS

Consideration of Agreements

A. Completion Agreements

- i. Various Assessment Areas**
- ii. Supplement No. 3 Area**

B. Improvement Acquisition Agreements

- i. Supplement No. 3 Area – Parkland Village Backbone Lakes**
- ii. Supplement No. 3 Area- Parkland Golf and Country Club Backbone Lakes**
- iii. Parkland Golf and Country Club**
- iv. Parkland Golf and Country Club Assessment Area A**

C. True-up Agreements

- i. Parkland Golf and Country Club**
- ii. Parkland Golf and Country Club Assessment Area A**

Mr. Lyles stated we have a series of agreements under this item. There has been involvement from WCI Communities, Inc. and the developers of Parkland Village with respect to all of these. Mr. Anderson is the primary author of these agreements. Because a number of them cover the same territory I will ask him to give you a quick overview of the three types of agreements: completion agreement, improvement acquisition agreement and true up agreement.

Mr. Anderson stated we have agreements directed in each of the assessment areas. The agreements come in three types. The completion agreements are to handle work the District anticipates bidding itself once the bond proceeds are available. If for some the District does not have sufficient funds to finish the work in the assessment areas, the developer agrees to make up the difference. They will complete the work. The completion agreement is a back-up agreement for the developer to finish off the project.

These agreements deal with specific pieces of work. If some of the work is completed under advanced funding, we do not have to deal with it. We also have some incomplete projects that the District can acquire from different developers. In the cases where the District is not trying to complete the work under its own contracts and will acquire infrastructure, we came up

with the second group of agreements. They are the improvement acquisition agreements. They are targeted at the work the developer is going to do and sell to us when completed.

The last item is the true-up agreements. They have nothing to do with acquiring or completing the infrastructure. It is to make sure we are able to pay for the bonds. Various special assessments have been proposed to pay for the bonds. They are based on anticipated development. Small changes can be made over time such as the number of units or the commercial square footage. Because the bonds are issued on a fixed plan, we need a way to make an adjustment. The adjustment procedure is called true-up. We take the same amount used to calculate the assessments and if there are more assessable units, there is a pro rata reduction. If the developer reduces the amount of assessable units, the developer pays the debt assessed to those units.

Ms. Ganz stated that is only with respect to the special assessments levied in the two assessment areas as opposed to Supplement No. 3, which are benefit taxes and are different in nature than the fixed special assessments.

Mr. Lyles stated your agenda identifies the true-up agreements will apply to Parkland Golf and Country Club and Parkland Golf and Country Club Area A. We are only asking you to approve true-up agreements for these two areas.

Mr. Anderson stated as with the other agreements you are dealing with we are still conforming all of the numbers. We are asking you to approve these agreements substantially in the form presented to you.

On MOTION by Mr. Mendolia seconded by Mr. Mendelson with all in favor completion agreements for various assessment areas and Supplement No. 3 Area, Improvement Acquisition Agreements for Supplement No. 3 Area – Parkland Village Backbone Lakes, Supplement No. 3 Area – Parkland Golf and Country Club Backbone Lakes, Parkland Golf and Country Club, Parkland Golf and Country Club Assessment Area A and true-up agreements for Parkland Golf and Country Club as well as Parkland Golf and Country Club assessment Area A were approved.

SEVENTH ORDER OF BUSINESS

Consideration of Permit Requests

- A. WCI Permit Request for Drainage Outfall for Parkland Golf and Country Club – West Entrance and Old Club Road into D Canal S2-4**

Ms. Early stated this is a typical surface water management permit for Old Club Road West. We have Old Club Road completed to a portion. This is going to finish it up to Nob Hill Road.

B. Irrigation Permits for Various Lots within Parkland Estates from Lennar Homes and Consideration of Reduced Cash Bond

- i. Lot #1, 10211 Majestic Trail
- ii. Lot #2, 10221 Majestic Trail
- iii. Lot #3, 10231 Majestic Trail
- iv. Lot #4, 10241 Majestic Trail
- v. Lot #25, 10330 Majestic Court
- vi. Lot #26, 10320 Majestic Trail
- vii. Lot #27, 10310 Majestic Trail
- viii. Lot #28, 10260 Majestic Trail
- ix. Lot #30, 10220 Majestic Trail
- x. Lot #31, 10210 Majestic Trail
- xi. Lot #32, 10341 Majestic Court
- xii. Lot #33, 10411 Majestic Court
- xiii. Lot #34, 10421 Majestic Court
- xiv. Lot #35, 10431 Majestic Court

Ms. Early stated Lennar submitted right of way permits so they can put an irrigation pump in the lake. We put in a few comments that we do not want pumps within the District right of way.

Mr. Mendolia asked why all of the paperwork?

Ms. Rugg responded they wanted one for each. The Board usually has a \$2,500 fee for each permit issued. Lennar is requesting we decrease the fee. It is up to the Board's discretion.

Mr. Mendolia stated it should be one permit for all of the lots.

Mr. Lyles stated if they submitted a single application for a single permit, your staff would have spent less time dealing with the matter. There is increased costs to the District and to people paying assessments as well as water fees to the District to handle this application. Treating it as one application is overly generous. Some reduction on the price makes sense. We are hearing from staff and engineering it did not take them as long as it takes to process 17 applications. It is up to the Board to make a determination of what seems fair. We cannot perform these services without recovering our costs because there is overhead associated with it.

Ms. Rugg stated the \$2,500 fee has not been asked for yet. It will not be done until I get the permits and send them a letter saying the permits are ready and have been approved.

Ms. Early stated we do not typically get irrigation permits from a homeowner.

Mr. Lyles stated the Board can approve the issuance of permits and let the engineer determine a realistic permit fee.

On MOTION by Mr. Mendolia seconded by Mr. Mendelson with all in favor the irrigation permits for various lots within Parkland Estates were approved and the consideration of reduced cash bond will be addressed at the next meeting.

EIGHTH ORDER OF BUSINESS**Staff Reports****A. Attorney**

Mr. Lyles stated we had a court appearance on behalf of the District on September 26, 2005 in regard to the validation of the various bond issues. The court viewed our petition favorably. We will have the ability to close in on the bond issues starting after October 26, 2005. This is going to involve some effort on behalf of the President or Secretary of the Board. We will have a vacancy to deal with prior to this time. We will have to be flexible as to who will attend the pre-closings to sign documents on behalf of the Board. Anything signed on behalf of the District will be within the four corners of the resolutions and documents approved by the Board.

B. Engineer

There being no report, the next item followed.

C. Manager

Mr. Witschen stated in regard to finalizing the fiscal year 2004 audit, I hope to bring this to you sooner than the next meeting. There may be a vacancy on this Board. We have not received a formal resignation. I anticipate it coming within the next few days. Due to those two items, it may be in order to continue this meeting to next week.

NINTH ORDER OF BUSINESS**Supervisor's Request and Audience Comments**

There not being any, the next item followed.

TENTH ORDER OF BUSINESS**Approval of Invoices and Requisitions**

There being no questions or comments,

On MOTION by Mr. Mendolia seconded by Mr. Mendelson with all in favor the invoices and requisitions were approved.

ELEVENTH ORDER OF BUSINESS

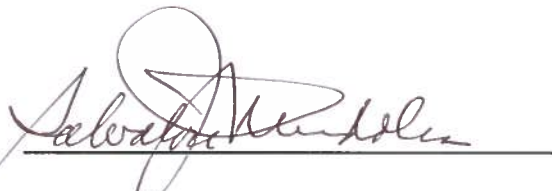
Adjournment

There being no further business at this time,

On MOTION by Mr. Mendelson seconded by Mr. Mendolia with all in favor the meeting was recessed at 5:50 p.m. to be continued on Thursday, October 20, 2005 at 4:30 p.m. at the District Offices.



Jean M. Rugg
Assistant Secretary



Salvatore J. Mendolia
Secretary